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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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B-178737

JUL 9 1973

RELEASED

74-0602

The Honorable James C. Wright, Jr.
Chairman, Subcommittee on Investigations
and Review

CI + R Committee on Public Works
House of Representatives

H 3103

Dear Mr. Chairman:

Your letter of May 18, 1973, requested that we give your Subcommittee certain information on the recent and continued flood-
ing throughout the Midwest.

The information requested requires engineering judgment by the Corps of Engineers to estimate (1) the extent of damages, (2) the damages avoided by existing projects, (3) the damages that could have been avoided if authorized but not yet constructed projects had been completed, and (4) the effect that application of the criteria recently proposed by the Water Resources Council would have had on the economic feasibility of existing as well as authorized but not constructed projects. We are also furnishing the requested information on the costs or estimates of costs of authorized, existing, and partially constructed flood control works in the recently flooded areas. 305

At our request, the Corps gathered the information from its division and district offices and developed the estimates in response to your questions. As discussed with your office, we did not evaluate the estimates in detail to determine their validity and accuracy.

We did, however, visit the Corps' Lower Mississippi Valley Division during the development of the estimates to (1) observe the flood damage, (2) discuss the methodology used in developing the estimates, and (3) review segments of the estimates. The estimates are based on the most relevant and reliable information available to the Corps. Corps officials told us the estimates would be revised when the flood waters recede and a final report would be available by December 1973.

The Corps' estimates follow.

1. The floods have caused about \$532 million in damages.

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2. Additional damages of about \$7.5 billion would have been incurred were it not for existing and partially constructed flood control structures and works. About \$137 million in damages would have been avoided if projects authorized but not yet constructed had been in existence at the time of the flooding.
3. The cost of existing and partially constructed flood control structures and works which reduced the damages was about \$7.8 billion. The estimated cost of the authorized but not constructed projects in the area of the recent and continued flooding is about \$2.3 billion.
4. Application of the Water Resources Council's proposed 7-percent discount rate to those existing identifiable flood control structures and works which the Corps justified on the basis of the standard cost-benefit relationship would show that 95 projects costing about \$1.6 billion, which reduced damages, were not economically feasible. In addition, 74 projects, which have been authorized but not constructed with an estimated cost of about \$1.3 billion, were not economically feasible.

Although the Corps projects have had the greatest impact in controlling floods along the Mississippi River, other Federal agencies, such as the Soil Conservation Service of the Department of Agriculture, the Bureau of Reclamation of the Department of the Interior, and the Tennessee Valley Authority, also have projects which control floods. Limited information--excluding partially constructed projects--obtained from these agencies is shown below.

	Estimates of			
	<u>Existing projects</u>		<u>Authorized projects</u>	
	<u>Cost</u>	<u>Damages averted</u>	<u>Cost</u>	<u>Damages that could have been averted</u>
	----- (million) -----			
Soil Conservation Service	\$ 296	\$27	\$273	\$26
Bureau of Reclamation	1,026	(a)	856	(a)
Tennessee Valley Authority	1,023	(a)	(b)	(a)

^a Not available.

^b None.

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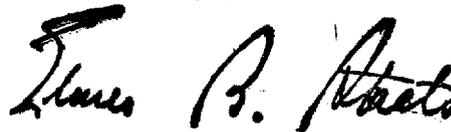
Corps officials informed us and officials of the other agencies generally agreed that the damages averted by the Tennessee Valley Authority and Bureau projects appeared minimal when compared with those damages averted by Corps projects.

Officials of these agencies advised us that information regarding the effect of the Water Resources Council's proposed 7 percent discount rate on the economic feasibility of these projects could not be obtained without a detailed analysis of each project.

We have furnished your office photographs of the inundated area-- St. Louis, Missouri, to New Orleans, Louisiana--we observed on May 30 and 31, 1973.

We will not distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Arato". The signature is written in a cursive style with a large initial "J".

Comptroller General
of the United States